



United States
Department of
Agriculture

Office of the
Chief Financial
Officer

National
Finance
Center

P.O. Box 60000
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Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 03-13, Kentucky State Income Tax Withholding

Date: May 30, 2003

To: Holders of TAXES (State of Kentucky only)
Personnel User Groups
T&A Contact Points in Kentucky

Beginning with wages paid for Pay Period 11, the standard deduction for the state of Kentucky will increase from \$1,800 to \$1,830.

No action on the part of the employee or the personnel office is necessary.

To view and/or print the updated tax formula, go to the National Finance Center (NFC) home page (www.nfc.usda.gov) and click on **Pubs & Forms**. Then on the **Pubs & Forms** page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov. Refer questions about this bulletin to **504-255-5322** or via e-mail at nfc.pvct@usda.gov.

PENNY W. FORBES, Acting Director
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Kentucky State Income Tax Information

State Abbreviation: KY
State Tax Withholding State Code: 21
Acceptable Exemption Form: K-4
Basis For Withholding: State Exemptions
Acceptable Exemption Data: 0 / Number of Exemptions
TSP Deferred: Yes
Special Coding: Determine the Total Number Of Allowances field as follows:
 First Position - Enter 0 (zero).
 Second and Third Positions - Enter the number of exemptions claimed.
Additional Information: None

Withholding Formula ►(Effective Pay Period 11, 2003)◄

1. Subtract the biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract nontaxable Federal Health Benefits Plan payments from the adjusted gross biweekly wages.
3. Add taxable fringe benefits (taxable life insurance, etc.) to the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
5. Subtract the standard deduction of ►\$1,830◄ from the result of step 4 to compute the taxable income.
6. Apply the taxable income computed in step 5 to the following table to determine the annual Kentucky tax withholding.

Tax Withholding Table

If the Amount of Taxable Income Is:		The Amount of Kentucky Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 3,000	\$ 0	plus	2%	\$ 0
3,000	4,000	60	plus	3%	3,000
4,000	5,000	90	plus	4%	4,000
5,000	8,000	130	plus	5%	5,000
8,000	and over	280	plus	6%	8,000

7. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 6 to compute the annual Kentucky tax withholding.

Exemption Allowance = \$20 x Number of Exemptions

8. Divide the annual Kentucky tax withholding by 26 to obtain the biweekly Kentucky tax withholding.